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**MEN CHARGED WITH PROVIDING PHONY MILLION DOLLAR BILLS TO LOCAL
BANK AS COLLATERAL FOR LOAN**

LAS VEGAS - - Two men have been indicted by the Federal Grand Jury on charges that they tried to obtain a \$10 million loan from a local bank using phony million dollar bills as collateral, announced Daniel G. Bogden, United States Attorney for the District of Nevada.

Herbert J. Bernstein, age 69, of Huntington Valley, Pennsylvania, and Marino Vlacic, age 54, of Las Vegas, Nevada, were indicted on Wednesday, December 20, 2006, and charged with Conspiracy, Possession of Fictitious Obligations, Bank Fraud and Aiding and Abetting. If convicted, they face up to five years imprisonment and a \$250,000 fine on the Conspiracy charge; up to 25 years imprisonment and a \$250,000 fine on the Possession of Fictitious Obligations charge; and up to 30 years imprisonment and a \$1,000,000 fine on the Bank Fraud charge.

According to the court records, from approximately November 29, 2006, to December 11, 2006, Bernstein and Vlacic allegedly conspired to fraudulently obtain 10 million dollars from Southwest USA Bank, located in Las Vegas, by offering 12 fictitious million dollar "U.S. Treasury Silver Certificates" as collateral for a 10 million dollar loan. The certificates they offered purport to be from a "1923 series," and look similar to modern U.S. Federal Reserve

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notes.

On November 29, 2006, Vlacic and an unindicted third party met with a representative of Southwest USA Bank and discussed the possibility of securing a 50 million dollar loan for his business. The bank representative informed Vlacic that the bank could only loan \$10 million. Vlacic claimed that he had access to collateral for the loan in the way of gold certificates, bonds, Federal Reserve Notes, and Silver Certificates. Vlacic provided the bank representative with photocopies of some of the purported collateral and stated he would return to the bank on December 1, 2006, with his attorney, co-defendant Bernstein¹, to complete a loan application.

On December 1, 2006, Vlacic returned to the bank and completed a loan application for ten million dollars. Vlacic stated that the silver certificates were in Bernstein's possession. Bernstein joined the meeting by speaker phone, and claimed that he owned and possessed the Silver Certificates which were to be used as collateral for the loan. Bernstein also claimed that he had authenticated the notes and bonds through the United States Treasury computer system. They advised the bank representative that they would return to the bank in the next two weeks to close on the loan.

On December 5, 2006, Bernstein signed a loan proposal letter from the bank for a \$10 million loan, claiming the \$12 million fictitious silver certificates as collateral.

The bank notified the FBI of the defendants attempt to obtain the large loan and provided copies of the purported silver certificates. The United States Secret Service confirmed that the

¹ Bernstein is an inactive member of the Pennsylvania Bar.

\$1 million certificates were fictitious, as the United States never produced currency in denominations larger than \$100,000.

On December 11, 2006, Bernstein and Vlacic arrived at Southwest Bank and met with the loan representative. FBI Agents were waiting in a conference room at the bank. Vlacic signed the loan proposal and Bernstein provided the representative with 12 fictitious million dollar silver certificates. The FBI Agents then entered the room and the defendants were arrested.

On December 12, 2006, the defendants made an initial appearance before a United States Magistrate Judge. Mr. Bernstein was released on bond, and Mr. Vlacic was detained. They are scheduled to be arraigned on the charges set forth in the Indictment on December 29, 2006, at 8:30 a.m. by United States Magistrate Judge Peggy Leen.

The case is being investigated by the FBI and prosecuted by Assistant United States Attorney Thomas S. Dougherty.

The public is reminded that an indictment contains only charges and is not evidence of guilt. The defendants are presumed innocent and entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt.

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